

The CARES Act

What the new economic stimulus package means for your charitable giving at NCF

As the COVID-19 outbreak maintains its devastating grip on countless lives worldwide, the generous community of NCF givers is doing what it always does: passionately mobilizing resources for the churches and charities serving those in need. Now, the passing of the CARES Act brings new opportunities to help givers make an even greater charitable impact at this pivotal time.

Increased charitable deductions

The CARES Act encourages individuals and corporations to increase their giving this year by increasing charitable deduction thresholds.

Individual itemizers

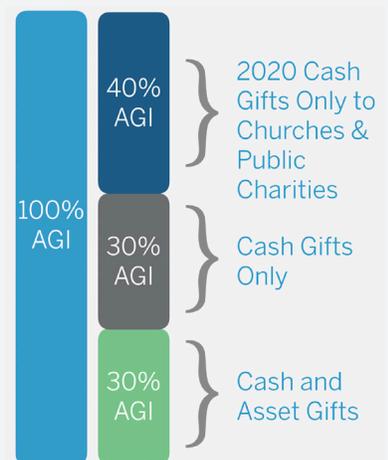
Givers who itemize their deductions may continue to deduct charitable gifts like before, but they now get a special deduction for cash gifts made in 2020 to churches and public charities. With this special deduction, givers are able to deduct up to 100% of their adjusted gross income (AGI) in 2020.

Givers can continue to give cash and non-cash assets to their churches, Giving Funds (donor-advised funds), supporting organizations (SOs), and other charities while enjoying the usual deductions. They may deduct up to 30% of their AGI for non-cash gifts and up to a total of 60% for combined cash and non-cash gifts to Giving Funds and organizations (gifts to private, non-operating foundations are different). However, in 2020 only, givers are allowed to follow their other charitable giving with an additional, special, cash gift to churches and public charities and receive a deduction of up to 100% of their AGI.

The special increase is only for cash gifts made to churches and public charities; it does not include non-cash gifts or gifts to Giving Funds or SOs. However, if you would like to support a single, specific charity, a Single-Charity Fund with NCF does qualify for the special 100% AGI deduction. Contact our team to learn more.

About the CARES Act

On March 27, 2020, The Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) was passed into law – a \$2.2 trillion economic stimulus package to provide expanded financial assistance through a number of mechanisms, including individual tax rebates, extended unemployment benefits, easier access to business loans, and support for distressed industries and health care providers.



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Individual non-itemizers

Givers who take the standard deduction on their personal tax return are entitled to deduct up to \$300 from their income for cash gifts made in 2020 to churches and public charities. This is in addition to the standard deduction.

As with the special deduction allowed to those who itemize their deductions, this \$300 above-the-line deduction is allowed for cash gifts to churches and public charities. It is not allowed for gifts of non-cash assets or gifts to Giving Funds or SOs. A gift to a Single-Charity Fund with NCF does qualify.

Corporations

The CARES Act also increases the limit on deductible corporate charitable gifts from 10% to 25% of the corporation's taxable income. Once again, the increased deduction is only for cash gifts to churches and public charities, Single-Charity Funds qualify, but Giving Funds and SOs do not.

Additional Financial Relief Assistance

In addition to the charitable deduction increases, the CARES Act contains numerous other provisions benefiting individuals, small businesses, non-profits, and other industries adversely affected by the coronavirus pandemic. A few of these key provisions include:

- **Individual rebates** – Eligible individuals will receive a refundable credit of \$1,200 for most adult U.S. residents and \$500 to each of their dependents under the age of 17. The credits begin to phase out for joint filers with an AGI of \$150,000 (\$75,000 for single filers) and are completely eliminated for joint filers with an AGI of \$198,000 (\$99,000 single filers). While many in the U.S. will be relieved to receive these much needed checks, others may desire to use some or all of this rebate for giving to churches and charities helping other individuals in even greater need.
- **Retirement plan distributions** – Qualified individuals impacted by COVID-19 may take a penalty-free withdrawal or request loans for up to \$100,000 of their retirement account balances. Additionally, those taking required minimum distributions (RMDs) from IRA and defined contribution plan accounts may waive their 2020 RMDs to avoid having to sell and distribute assets from these retirement accounts under volatile market conditions. Qualified Charitable Distributions (Charitable IRA Rollovers) remain available under normal rules, even if givers do not take an RMD in 2020.
- **Small business loans** – The CARES Act also provides an estimated \$350 billion in available loans for small business and non-profits which may be subject to partial forgiveness in certain circumstances.

Full version of the CARES Act

While the CARES Act contains many more relief provisions, we hope the summary in this document helps highlight a few of the opportunities that may encourage and enable greater generosity during such an important time in our nation's history.

If you would like to review the complete text of the CARES Act, visit: ncfgiving.com/caresact

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